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REAL ESTATE FINANCE

Post-COVID Commercial Lending—A Big Question Mark

By Mary T. Prenon

It's no secret that COVID-19 has wreaked havoc on the commercial real estate market in the Hudson Valley, the nation, and the world. Small "mom and pop" stores, restaurants, bars, hotels, landlords, developers and even major retailers were all slammed by the three-month shut-down mandate to curb the spread of the deadly disease.

As a result, some of the most well-known U.S. national chains have filed for bankruptcy including Neiman Marcus, J.C. Penny, J. Crew, Modell's, Gold's Gym, Hertz, Tuesday Morning, and the list goes on.

The American Bankruptcy Institute (ABI) indicates the total national commercial chapter 11 filings in May increased 48% from the previous year. Just last month, there were more than 700 chapter 11 filings across the country, as compared to just 487 in May of 2019.

Founded in 1982, ABI provides Congress and the public with unbiased analysis of bankruptcy issues. The ABI membership includes nearly 11,000 attorneys, accountants, bankers, judges, professors, lenders, turnaround specialists and other bankruptcy professionals.

"Companies that tried to shore up their balance sheets at the beginning of the year represent the initial wave of Chapter 11s due to the economic crisis brought about by the COVID-19 pandemic," said ABI Executive Director Amy Quackenboss. "While the CARES Act and other measures have been successful in keeping consumers afloat during the crisis, mounting financial challenges may result in more households and companies seeking the shelter of bankruptcy."

The good news for New York is that it has not ranked among the top five states with the highest per capital bankruptcy filing rates—Alabama, Tennessee, Delaware, Mississippi and Georgia.

As COVID cases continue to decline here in the Hudson Valley, and businesses slowly begin to reopen, it may be a wary waiting game to see just who will survive. Three months of no customers or no rental income may leave many small business owners and landlords in a precarious situation, despite the Paycheck Protection Program that allows them to pay their employees. Later, the rules changed to allow some of those funds to go toward rent or mortgage interests.

"This pandemic has created a domino effect for business owners and landlords, and we're waiting to see just how it will affect the future of commercial financing," said Robert Withers, president and CEO of M1 Capital in White Plains. "Small businesses like hair or nail salons haven't had any income for three months, so they may have difficulty paying their rents. As a result, the landlords may not be able to make their mortgage payments on the buildings."

Withers, who handles commercial loans and investments in the New York metro area and Florida, said in some cases, landlords are willing to extend leases, or use part of a security deposit to cover overdue rents. As for building owners who are late on mortgage payments, those payment terms will tend to vary with each lender.

Concerning new commercial loans, Withers admits it's an open book. "The lending environment now is very sketchy," he explained. "Buying any sort of commercial property today is not for the faint of heart, or those with shallow pockets."

In the post-COVID climate, Withers said, many lenders require holding at least 12 months' worth of payments in escrow, so they can receive continuous payments for a year, should there be any problems collecting rents from tenants. This is most often the case for anyone buying a building with retail units. "Never have financials of both building owners or tenants been under such scrutiny," he added.

"A lot of companies may realize they don't need as much space, if most of their employees can rotate their shifts and work from home. I think that investors in office and retail will have to re-examine their portfolios and assess future demands." — Jim Lanfranchi, Senior Vice President, Team Leader with Webster Bank's Business Group

Restaurants, he predicted, may also be among the vulnerable. "While some are surviving on take out, once they open, they'll still have to keep tables at least six feet apart, and may be operating at half capacity," he said. "For many, it's going to be very challenging to stay afloat operating in that situation."

Gyms, malls, and even office buildings may also suffer in the aftermath of COVID. "Think of all the places where large groups of people gather in close proximity," said Withers. "I don't think people are going to be rushing back there." As a result, he predicts a glut of office buildings and "big box." spaces flooding the commercial real estate market, and the need for creative financing to repurpose those spaces.

Jim Lanfranchi, senior vice president and team leader with Webster Bank's Business Group in White Plains, agreed that as the workplace changes in the post-COVID era, there may be a significant decrease in demand for ultra large office spaces. "A lot of companies may realize they don't need as much space, if most of their employees can rotate their shifts and work from home," he said. "I think that investors in office and retail will have to re-examine their portfolios and assess future demands."

Developers and investors seeking commercial loans in the current climate are now looking at a coughing up much larger down payments on properties. Before

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Westchester Landlord Group Files Suit Against Governor's Exec. Order Extending Eviction Ban

By John Jordan

WHITE PLAINS—A group of Westchester landlords who own rental properties in Elmsford, Port Chester and Yonkers filed suit on May 25 in U.S. District Court for the Southern District in White Plains against Gov. Andrew Cuomo for his extension of regulations that prohibits landlords from initiating or continuing residential evictions.

The suit also contests the governor's Executive Order that requires landlords to apply security deposits to unpaid rent upon the sole request of the tenant. The Executive Order extended the prohibition of residential and commercial evictions from June 20, 2020 for another 60 days until August 20, 2020. The original order went into effect on March 20. The litigation against Gov. Cuomo was filed by residential landlords.

The plaintiffs charge that the orders violate their constitutional and due process rights. In the suit, the landlords charge that the order creates "a procedural taking, in that the order limits the plaintiffs' rights over their own properties" and continues "an actual, state-sponsored occupancy of the plaintiffs' property."

Gov. Andrew Cuomo extended earlier this month the Executive Order placing a moratorium on residential and commercial evictions until Aug. 20.

The three litigants—Elmsford Apartment Associates, LLC; 36 Apartment Associates, LLC and 66 Apartment Associates, LLC were not fully identified in the court action or by their attorney Mark A. Guterman, a partner in the White Plains-based law firm Lehrman, Lehrman & Guterman, LLP.

In court papers, Elmsford Apartment Associates is described as the owner of rental properties containing a combined 29 units at 7 Paulding St. and 37 North Hillside Ave. in Elmsford. The entity 36 Apartment Associates is the fee owner of residential rental properties at 344 Irving Ave., 350 Irving Ave., 171 Rectory St., 42 Arnett St. and 58 Prospect St. in Port Chester. The five properties contain a total of 36 residential rental units. The remaining litigant, 66 Apartment Associates is the fee owner of 45 condominium units at the Park Crest West Condominium at 66 Caryle Ave. in Yonkers.

"The order has given carte blanche to tenants to withhold rent without immediate repercussion," the plaintiffs charged in court papers.

Guterman in a telephone interview with *Real Estate In-Depth*, said, "With the (court) filing we hope to get the attention of the governor. We don't want wholesale eviction of tenants, nobody wants that. But, what we want principally is that the rights of the landlords under their leases and under the law be respected."

He added, "There is no other industry in which private parties are told you bare the burden of society and we the government are not going to help you out."

While citizens and other businesses can make applications for COVID-19-related relief, the landlord's tax and other business obligations remain intact. "It's not fair, it's not constitutional," Guterman charged.

The New York State Attorney General's office was contacted prior to the filing of the court action, Guterman said, but to date the state had not responded.

Officials with the New York State Attorney General and the governor's office did not respond to a request for comment by *Real Estate In-Depth* at press time.

In court papers, the plaintiffs charge that the necessary tenant protections could have been achieved by the state through other means, including: "permitting the judges of the New York courts to fashion resolutions that provide for the payment of arrears by tenants over a period of time commensurate with the circumstances, while at the same time protecting landlords as to on-going rent; and/or arranging for the payment of rent directly to landlords in place of a part of the stimulus payments and other loan programs."

Westchester CE Latimer Forms Reopening Task Force To Prep County Businesses for Post COVID-19 Era

Westchester County Executive George Latimer

By John Jordan

WHITE PLAINS—Westchester County Executive George Latimer announced on June 1 that he had formed the Westchester County Reopening Task Force, which is charged with finding solutions to advance local businesses interests once the coronavirus crisis ends.

The task force is co-chaired by Westchester County Legislator Catherine Parker, a former small business owner and past president of the Rye Chamber of Commerce, and Louis Lanza, a restaurateur with businesses in Westchester County.

Westchester County Executive Latimer said, “What we have here is a group of individuals who have served in a variety of capacities, to serve in this particular capacity, to help organize our efforts to reach out to the businesses of Westchester County and do everything we can to help them reopen as fast as possible and as successfully as possible.”

Westchester, along with the entire Mid-Hudson region, recently entered phase one of the reopening process that included easing of restrictions for construction, agriculture, forestry, fishing and hunting, retail (limited to curbside or in-store pickup or drop off), manufacturing and wholesale trade sectors.

The Mid-Hudson region entered phase two of the reopening process on Tuesday, June 9. Among the industries affected by the phase two designation are the real estate sector, along with offices, essential and phase two in-store retail, vehicle sales, leases, and rentals, retail rental, repair, and cleaning, commercial building management, hair salons and barbershops.

Latimer, noting that the metrics concerning COVID-19, such as the number of new cases and hospitalizations and deaths are all on the decline, said, “I have every reason to believe we are going to make phase two (on June 9).”

County Legislator Parker, who had been running for the Democratic nomination to replace retiring U.S. Rep. Nita Lowey, announced on May 29 that she was suspending her campaign.

“I see this reopening task force as a unified voice for all different sectors of business in Westchester County with the ‘rock stars’ of those sectors,” said Parker. “This will be a way to get Westchester back to where we were—and even better than before.”

Lanza said of the task force’s formation, “Restaurants are working ahead of the curve in getting ready everything they will need to do to open. We can do this safely. There are safe ways of running our businesses and once we get the go ahead, we can safely reopen and serve our customers.”

County officials noted that the task force will play a significant role in communicating out to the business and nonprofit communities guidelines and best practices as the region enters each stage of phased reopening.

Other members of the Latimer administration that attended the press conference were: Bridget Gibbons, the director of economic development for Westchester County and Joan McDonald, Westchester County’s Director of Operations.

County officials added that the task force will also establish working groups that will focus on each critical area such as health care, labor, hospitality, general business, etc. These working groups will allow for all Westchester business owners to have an opportunity to give input.

The County Executive said that additional appointments to the task force and to the working groups may be forthcoming. Among the industries that will be focused on by the working groups include: real estate, health care, labor, hospitality and restaurants, among others, Latimer noted.

Among the task force members named at the press conference include: Ross Pepe and John Cooney of the Construction Industry Council of Westchester & Hudson Valley, Inc., Marsha Gordon and John Ravitz of The Business Council of Westchester; Michael Romita and Amy Allen of the Westchester County Association; Sean Meade, president of the Westchester Hotel Association; Peter Herrero, restauranteur; Janet Langsam of Arts Westchester; Carola Bracco of non-profit Neighbors Link; Jan Fisher of Nonprofit Westchester; Tom Carey of the AFL-CIO, Edward Doyle, president of the Building & Construction Trades Council of Westchester; Susan Fox of White Plains Hospital; Lindsay Farrell of the Open Door Family Medical Center; Joseph Simone of Simone Development; Marty Berger of Saber Real Estate Advisors; Seamus Carey of Iona College; Edward Monroy of the Westchester Hispanic Chamber of Commerce; Nicholas Campbell of the Rivertowns Chamber of Commerce; Gayle Marchia of the Greater Ossining Chamber of Commerce; Catherine White from the New Rochelle Chamber of Commerce; Dr. Jim Bostic from the Nepperhan Community Center; Rabbi Daniel Groper of Community Synagogue of Rye and Rev. Erwin Trollinger of the Calvary Baptist Church.

It should be noted that the county’s largest business organizations—the Business Council of Westchester and the Westchester County Association—have also established task forces in connection with the phased reopening of the county’s economy.

Westchester County Board of Legislators Chairman Ben Boykin, who also attended the press conference, said of the county’s newly formed tas force, “This is an important challenge. We are in a place we have never been before and we must reopen in a more vibrant and smarter way so businesses can survive, grow and move to the next level.”

The first virtual meeting of the Reopening Task Force was scheduled on June 4 with future sessions expected to also be run virtually.

A Big Question Mark

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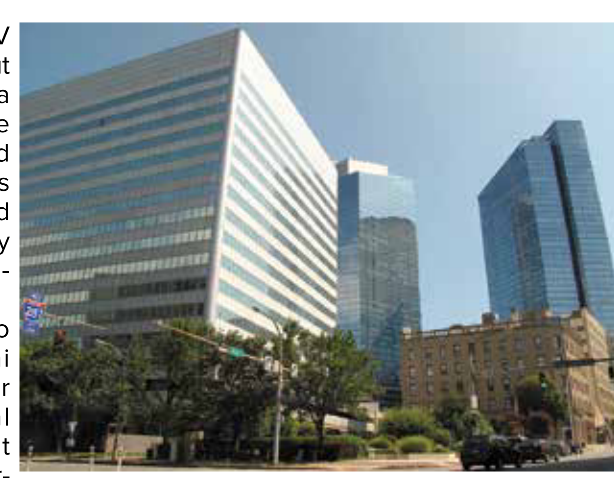


the virus, the average LTV was a maximum of 70%, but now it’s been reduced to a maximum of 65%. “There is definitely an increased scrutiny on liquid assets when it comes to retail and residential multi-family properties,” said Lanfranchi.

For those struggling to repay loans, Lanfranchi said most banks do offer some type of a deferral program. “Sometimes it may be a deferral on interest payments, principal, or principal and interest—whatever is easier for the borrower,” he explained. “However, the updated PPP regulations have really helped investors, now that their tenants can earmark 40% of those funds for rental payments.”

Webster Bank’s commercial lending division has never been aggressive with retail or multi-family developments, but instead has concentrated on the industrial sector—factories, warehouses, flex industrial, and medical buildings. “Medical offices are like Chinese restaurants, pizzerias and nail salons—you have to go there if you want the food or service,” said Lanfranchi. Headquartered in Waterbury, CT, Webster Bank currently offers 157 banking centers between Westchester and Boston, with 22 commercial banking offices.

Most lenders today are also taking a closer look at an investor’s experience. “It’s important to know when they starting investing and how they’ve been able to handle vacancies,” he added. “Those with excellent liquidity may be able to get a 20-year fixed rate loan with rates in the low to mid 3% percent range.”

As the commercial real estate market hovers toward stabilization, some still fear a resurgence of COVID-19 for the fall and early 2021. ABI is already bracing itself for more possible bankruptcies, should the virus return in full force. “As financial challenges continue to escalate amid this crisis, bankruptcy is sure to offer a financial safe harbor from the economic storm,” added Quackenbush.

GUEST COLUMN
By DONALD ARACE

Living in the Now

As we head into another re-opening phase, let's take a moment to reflect on our current events as well as our present state of affairs.

After enduring a three-month pandemic that stopped the world, it is only now that we begin to emerge from a "shelter in place." The phrase itself, "shelter in place," is frightening. The world has changed before our very eyes in a way that we could not have predicted prior to March 1, 2020.

It is said, however, that this experience has propelled us 10 years into the future!

This presents a new set of questions: What does this future look like? Do we even like this new future?

It is said, however, that this experience has propelled us 10 years into the future! This presents a new set of questions: What does this future look like? Do we even like this new future?

Some believe that we have entered into a "new normal." However, what is normal about a "new normal?" Does this mean that we will "ding" into meetings? Are we transitioning to screen time as a means of true "face time?" Does "hanging out" mean entering a new Google meeting through the corner of a screen that "pops up?" Are we reconnecting or are we zooming farther into the future, losing our face time with humanity?

Let's now evaluate how this "new norm" may propel our society into an even better world...

Over the past 20 years, our country has suffered trauma from extreme religion (9/11 in 2001), extreme business (Financial Meltdown 2008), extreme political division (Presidential election 2016), and now we add the extreme health concern, (COVID pandemic 2020).

"Shelter in place" denotes a mere three months that has mounted anxiety and depression in an already fragile virtual world of IPhones, Androids, tablets and numerous other amounts of social media.

Are we to believe that technology through virtual business will allow us to satisfy an already neurotic buyer and seller's nerves? Really, I don't think so.

Human contact is required now more than ever. Helping buyers and sellers, as well as taking them by the hand, literally and/or figuratively, through a real estate and mortgage transaction is a priority.

Eckart Tolle wrote the book, "The Power of NOW." He conveys that in order to truly be happy, we must enjoy every moment in the "now." Like our bodies, which require proper food, exercise and rest, our mind, which many say is a computer, needs to be quiet in order for us to experience our true being. Let's call it Zen or Nirvana. It is only then that we will be fulfilled and living in the now.

It seems that everyone is "now" running headlong toward more hyperbolic connections with transient forms of technology when in fact, more than ever, we need person-to-person human contact.

Yes, I do agree that our business requires technology for marketing clients, processing and closing mortgages. But, for the last several years, a number of local lenders, particularly mortgage brokers, consolidated offices and pooled support through new technology offered by third party providers. By utilizing these resources, they continued to operate efficiently during a pandemic. In the throes of this unforeseen period, brokers did not miss a beat. In fact, the pandemic confirmed the industry's systems worked fine. As long as a client has good credit, assets and employment loans closed as usual. This shift in operational efficiency "had already occurred over the last 10 years" and was useful during the shelter in place period.

What is required "now" is a rebuild of the connective tissue through human interaction.

For now, let's tapper down talking about the next new virtual tour and our virtual mortgage, as it is always there. Let's talk about connecting with people once again. After all, wasn't that what we all yearned for during this pandemic? Experiencing the joy of that interpersonal polite discourse about business and personal life. This is what makes us human and fulfills us as human beings.

If this experience has taught us anything, it is that we need each other in the most basic way through human contact and that is only achieved by meeting in person and living in the NOW.

It's nice to be back, enjoy your summer!

Donald Arace is the regional manager for Hudson United Mortgage, which is based in Elmsford. He is a long-time writer for Real Estate In-Depth. He is a past HGAR Affiliate of the Year honoree and has served as a former co-chair of the association's Hearts for the Homeless campaign. He is currently a member of the HG Foundation.

Is this the Trough? Unprecedented Drop in Growth, Large Job Losses, But Purchase Applications Signal a Rebound

By Mike Fratantoni and Joel Kan

The extraordinary impact from COVID-19 social distancing measures and business closings is impacting the economy and job market in unprecedented ways. While April economic data has been uniformly awful, more recent data on purchase applications indicate significant pent up demand for housing. Housing demand is strengthening as more states ease restrictions on activity and people get back to work. The multi-trillion-dollar question is whether April has marked the worst point in this crisis, and perhaps the positive signals from the home purchase market reflect a recovering economy, although we certainly expect the job market and broader economy to bounce back more slowly than purchase applications have.

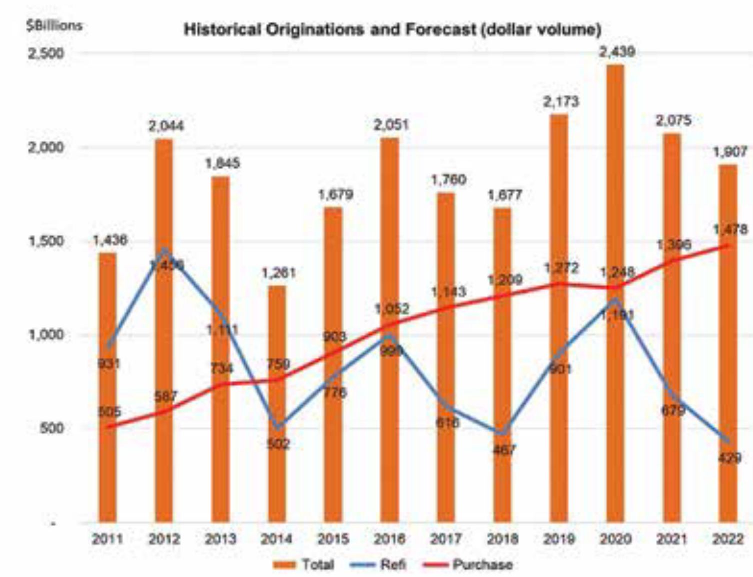
April was the first full month of the impact and resulted in a record-loss of 20.5 million jobs. Essentially all sectors lost jobs over the month. Leisure and hospitality, the sector perhaps most impacted by closings and restricted operations, saw a 7.6-million job decrease; retail trade suffered 2 million in job losses. The construction sector lost 975,000 jobs—close to the 2009 annual total—which is a blow to the housing recovery and might impact future housing supply. We expect the unemployment rate will peak in the next quarter but start to decline by the end of 2020, before falling back to more normal levels by 2022.

Perhaps some silver lining in the April employment reports was that around 18 million workers reported being on temporary furlough, and if those unemployed workers are called back to their jobs when the crisis abates, that will support our expectations of a sharp recovery. In the meantime, however, the unemployment rate leapt to 14.7%—the largest monthly jump and the highest rate since the survey's beginning in 1948. There was also a record fall in the labor force participation rate to the lowest since 1973, as workers dropped out of the workforce and stopped looking for work.

The economy shrank almost 5% in the first quarter and we expect a much sharper drop in growth in Q2 2020, as most of the country was in lockdown for the full month of April. Consumer spending plummeted by 7.6%, including severe weakness in spending on durable goods and also on a vast array of services impacted by social distancing and business closures.

The Federal Reserve has pulled out all the stops to help the economy and financial markets weather the current pandemic. In their statement following the April FOMC meeting, they made clear that supports would remain in place until the economy regains full employment and inflation trends return to normal. Specifically, for the mortgage industry, while they did not specify a pace for agency MBS and CMBS purchases, they did highlight that, "the Federal Reserve will continue to purchase Treasury securities and agency residential and commercial mortgage-backed securities in the amounts needed to support smooth market functioning." It is clear they want their actions to result in lower rates for mortgage borrowers and recognize that this can only happen in the context of orderly markets. We expect that they will continue to modulate their purchases, so long as markets remain stable.

Figure 2.



Source: MBA Forecast

Given the speed and magnitude to which the economy and job market have been disrupted, one would expect the impact of this rapid deterioration to be matched by rapidly increasing rates of loans in forbearance. Over 8% of loans serviced are in forbearance, with over 6% of GSE loans and 11% of Ginnie Mae loans in forbearance, based on the most recent data from MBA's forbearance survey. While the pace of forbearance requests slowed in the second week of May, the share of loans in forbearance continued to increase. However, FHA and VA borrowers are more likely to be employed in the sectors hardest hit in this crisis, which is why more than 11% of Ginnie Mae loans are currently in forbearance. In recent weeks, the pace of increase in the forbearance share has flattened.

In terms of mortgage performance, results from our National Delinquency Survey revealed that delinquency rates picked up in the first quarter of 2020, driven by 30-day delinquencies. The overall delinquency rate jumped by 59 basis points—which is reminiscent of the hurricane-related, 64-basispoint increase seen in the third quarter of 2017, with much of this tied to the increase in early-stage delinquencies for all loan types. For example, the 30-day FHA delinquency rate rose by 113 basis points, the second largest increase in the history of the survey, and the 30-day VA delinquency rate rose by 78 basis points – the highest quarterly increase. The five states with the largest increases in their 30-day delinquency rates were: New York (29 basis points), Alaska (24 basis points), Florida (23 basis points), Louisiana (22 basis points), and New Jersey (20 basis points). New York, New Jersey, and Louisiana have been noted as states hit particularly hard by the impact of COVID-19.

Related to the overall lending environment and the risk of forbearance and even delinquency, credit availability fell in April for the second consecutive month. The overall index fell to its lowest level since December 2014, and the subindexes pointed to tightened credit supply for all loan types. The decline was largely driven by lenders dropping many low credit score and high-LTV programs, as well as further reduction in jumbo and non-QM products.

In other areas of the housing market, new home purchase applications severely weakened in April, which coincided with the peak of the social distancing efforts and restrictions on non-essential activities to help slow the spread of COVID-19. March through May are the prime home buying months every year, but this year activity fell 25% from March and decreased 12% from a year ago. We estimated that new home sales dropped to an annualized pace of 533,000 units—the slowest since December 2016. This decline was in line with data from our Weekly Applications Survey, which indicated a pullback in March and most of April. We do believe that unrealized, pent-up demand is being released as states start to reopen and expect that heading into the summer, more prospective homebuyers will gradually return to the market. Similarly, Census reported that housing starts in April declined 30% to a seasonally adjusted annualized pace of 891,000 units. Both single-family and multifamily starts dropped over the month due to the impacts from COVID-19-related social distancing efforts and declining construction activity. This was the lowest level of overall housing construction since 2013, and permits for new construction were also down significantly over the month.

While our forecast is for a rapid rebound in housing activity later in the year as homebuyer traffic returns, housing supply remains very tight. This drop in starts, combined with the April employment report showing almost 1 million construction job losses—may potentially slow the rebound in new construction that will be needed to completely revive the housing market.

Record-low mortgages rates are sustaining the refinance wave, helping homeowners lower their mortgage payments and save money during these challenging times. We expect mortgage rates to average 3.4% for 2020 and be slightly higher in 2021 at 3.5% and given that the pace of refinance applications is still more than double last year's pace, we anticipate that refinance originations will grow by more than 30% in 2020 relative to 2019, reaching $1.2 trillion. Furthermore, the increase in purchase applications in the last four weeks is a sign that housing demand is recovering as more states work toward reopening. All of the top 10 states in our Weekly Applications Survey have started to show week-over-week growth, with about half of those states showing year-over-year increases once again.

Purchase volume is expected to be down slightly for the year when compared to 2019, as the economic and job market weakness through April resulted in a drop in demand for purchase mortgages during a period where housing activity is typically boosted by spring home buying activity. We expect a little over $1.2 trillion in purchase originations, a slight decrease from $1.3 trillion in 2019.

Michael Fratantoni is Chief Economist, Senior Vice President, Research & Technology and Joel Kan is Associate Vice President, Industry Surveys and Forecasts for the Mortgage Bankers Association.

My 90-Day Payment Deferment is Up, Now What?

By Robert Withers

Each commercial real estate asset class has been impacted by the COVID-19 pandemic in one way or another. Many commercial lenders extended 90-day payment deferments to their borrowers as a way to help relieve immediate financial hardship in case the tenants (sometimes the borrowers themselves) were unable to pay rent.

These deferments are ending in June (although there is discussion on extending them for another 90 days) and many owners/landlords have not had their properties "stabilized" yet.

So, what can you do?

How Well Do You Know Your Mortgage Lender?

When all is going great, who speaks to your bank mortgage officer? Unless you are considering another transaction, many real estate investors do not take the time or effort to cultivate a relationship with their mortgage lenders.

I have seen, during these volatile times, clients who have had such relationships and were able to collaborate with their lenders and come up with viable solutions.

This is a great time to form a better relationship with your lender and, as markets are shifting, understand the growing importance of having a lender/advocate you can depend upon.

Know What Legislation is Pending and How it Can Help You

On Friday May 15th, 2020 the House of Representatives passed the HEROES Act. This $3 trillion Corona Virus Relief Bill is over 1,800 pages and has many implications for real estate. While the bill will face stricter scrutiny in the Senate, experts believe the bill will likely be passed into law sometime this month. Below are some of the provisions included that directly affect multifamily real estate.

Multifamily Mortgage Forbearance

The bill upholds the CARES Act's 90-day forbearance rule for multifamily mortgages but extends it to include private loans in addition to federally-backed mortgages.

While they benefit from forbearance, property owners shall not evict renters. Once forbearance is over, landlords would have a year to catch up on their loan payments.

Liquidity Help for Servicers, Apartment Owners

The bill also dictates that the Department of Treasury shall provide mortgage servicers with access to loans and investments to maintain liquidity during borrowers' forbearance.

Moreover, the proposal would establish a credit facility to offer long-term, low-cost loans to residential rental property owners who have incurred financial losses caused by reduced rent payments. During the course of their loans, landlords shall not evict or charge any rent nonpayment penalties.

The so-called HEROES Act would also coordinate rural rental and public housing assistance.

Communication

It is very important that owner/landlords who find themselves in this position maintain an open dialogue with their current lenders over what goes on with the property and if there are any financial concerns (i.e. missed financial and debt service covenants) or tenant issues such as missed payments and vacancies.

Many borrowers forget about the covenants they agreed to when taking out a commercial mortgage. When was the last time you read (or had your attorney review) your commercial mortgage note and mortgage associated with your investment property?

This goes back to my first point, the importance of fostering a relationship with your lender! So much trouble and misunderstanding, leading to ruined lending relationships and even legal proceedings, can be averted by knowing what you agreed to and keeping the lines of communication open between yourself and your lender.

It is equally important that tenants are open and in dialogue with the owners (you). If you have tenants, residential or commercial, encourage these lines of communications so a tenant can feel comfortable approaching you when issues arise.

Many of my past clients said they "Never saw it coming" when a tenant broke a lease or became a collection nightmare. My first question is: "When was the last time you spoke to or met with your tenant?" As long as all the participants in a particular real estate investment are communicating, much can be accomplished. The goal is for misunderstandings to be avoided, to the benefit of all.

KNOW YOUR MARKET – Plan for The Worst-Case Scenario

Do you have any idea of what your property is really worth right now?

What is the market square-foot price for your property? If you are the owner/occupant of a commercial piece of real estate, what is your contingency plan if business is impacted by COVID-19?

What other uses of your property would make sense in this market? Do you have a reliable commercial real estate broker with whom you can discuss potential options and who will keep you informed on shifts in the market?

Who's Looking Out for You?

Even if you own only one investment property where tenancy could pose an issue in these volatile times, who do you have on speed dial that can help develop solutions when issues arise?

It is my experience that most successful commercial and multifamily investors have a "team" in place to help them through both good and trying times. They include a seasoned real estate attorney with experience in commercial real estate matters, counsel that will respond quickly to your call or

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A.S.A.P. Mortgage Opens New Headquarters in Downtown Peekskill

A.S.A.P. Mortgage has relocated its corporate headquarters to the iconic 2 South Division St. building, which first opened as the Peekskill National Bank and Trust Co. in December 1920.

PEEKSKILL—A.S.A.P. Mortgage announced on June 8 it has relocated its corporate headquarters from Cortlandt Manor to Peekskill.

Originally scheduled for mid-April, the opening of A.S.A.P.'s new headquarters was delayed until June 1 due to the coronavirus pandemic. The new headquarters is located at 2 South Division St., at the intersection of Division Street and Central Avenue, which company officials said places it literally at the crossroads of this resurgent northern Westchester city.

The firm is led by award-winning founder and CEO Irene Amato and employs more than 30 people from the Hudson Valley to Manhattan,

"I am very excited for our company to make its new home in Peekskill," said Amato. "In addition to providing mortgage services to Peekskill residents at our new headquarters, we look forward to providing employment opportunities and being a good partner to the greater Peekskill community."

A.S.A.P.'s new headquarters occupies the landmark Hersch law building, which first opened as the Peekskill National Bank and Trust Company in December 1920.

Today, the building is also the site of the city's annual New Year's Eve celebration and ball drop. A.S.A.P. opened its seventh branch in the Morris Park neighborhood of the Bronx in December 2019, with new branches planned for Orange County and Connecticut by 2021. The company will celebrate its 20th anniversary in November.

The company's previous headquarters, located at 2062 East Main St. in Cortlandt Manor, is now available for lease, with 1,200 square feet of office space available. The company's branch office in Cortland Manor (3565 Crompond Road) will remain open.

My 90-Day Payment Deferment Is Up, Now What?

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e-mail, and a seasoned commercial real estate broker who knows your market and the active players.

For larger, multi-tenant property investors, do you have a reliable, go to source for repairs (big and small) that can be done quickly, inexpensively, and professionally?

Lastly, do you have a competent source to arrange financing? Someone who knows the market and can offer solutions if your current lender ceases lending or becomes intolerable.

These are difficult times for the commercial real estate investor, filled with challenges and opportunities. In this trying period, the savviest investors won't be flying blind.

They have a plan!

Robert Withers, President and CEO of M1 Capital Corp., is a respected real estate finance professional with a 30-year track record of providing creative solutions for commercial real estate industry clients. M1 Capital Corp has offices in White Plainsand New York City and specializes in acquisition, refinancing outstanding loans, restructuring current debt and delivering smart, effective solutions through a variety of loan options: commercial, hard money, SBA 504 and 7a programs, as well as SPEC Construction Financing, multifamily and commercial debt workouts. He can be reached at 866-990-9559 or at info@mortgage1.com.

HG Realtor Foundation Volunteer Day, Food Bank Of the Hudson Valley, May 20, 2020

The Food Bank of the Hudson Valley in Cornwall-on-Hudson, NY.

An HG Realtor Foundation volunteer helps to pack food for delivery to local food pantries.

From left, Amanda Martinez, of BHG Rand in Goshen and a Food Bank employee sort grocery items.

Guy Cusumano, of BHG Rand in Goshen, loads boxes of food onto trucks.

From left, Guy Cusumano, BHG Rand, Goshen; Rae Fevola, Curasi Realty, Montgomery; Dianne DeFalco, BHG Rand, Goshen; David Rubin, William Raveis, Somers; Amanda Martinez, BHG Rand, Goshen; a Food Bank employee and Dexter Alston, Food Bank Volunteer Coordinator.

Dianne DeFalco, of BHG Rand in Goshen, prepares boxed food items for delivery.

Two volunteers add some snacks to the packs.

From left, Rae Favola, Curasi Realty and Dexter Alston, Food Bank, review box contents before shipping.